

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF: MAHENDRA WAGHA,**  
**PORTFOLIO DIVERSIFICATION GROUP, INC.,**  
and its partners, members, officers, directors, agents,  
employees, affiliates, successors and assigns.  
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) File No. C1300304  
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**SUMMARY ORDER OF SUSPENSION**

**TO THE RESPONDENTS: PORTFOLIO DIVERSIFICATION GROUP, INC.**  
(CRD #121867)  
Attn: **MAHENDRA WAGHA**  
830 E. Higgins Road, Suite 111-F  
Schaumburg, Illinois 60173

**MAHENDRA WAGHA**  
(CRD #1019062)  
1475 So Crowfoot Circle  
Hoffman Estates, Il 60194

WHEREAS, pursuant to the authority granted under Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the Secretary of State has determined that Respondent **PORTFOLIO DIVERSIFICATION GROUP, INC.** "PDG" registration as an investment advisor in the State of Illinois is subject to a Summary Order of Suspension.

WHEREAS, pursuant to the authority granted under Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the Secretary of State has determined that Respondent **MAHENDRA WAGHA** (Wagha) registration as an investment advisor representative in the State of Illinois is subject to a Summary Order of Suspension.

WHEREAS, the Secretary of State finds that the grounds for such Summary Orders of Suspension are as follows:

1. At all relevant times, Respondent PDG was registered with the Secretary of State as an Investment Advisor in the State of Illinois pursuant to Section 8 of the Act.

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2. At all relevant times, Respondent Wagha was registered with the Secretary of State as an Investment Advisor Representative in the State of Illinois pursuant to Section 8 of the Act.
3. At all relevant times Respondent Wagha was both registered through and a *control person of Respondent PDG, being both a direct owner and executive officer of PDG.*
4. On or around January 23, 2013, an Investor Advisor Client ("Client") of Respondents filed a lawsuit in the United States District Court for the Northern District of Illinois naming both Respondent Wagha and Respondent DPG as defendants. The lawsuit sought damages on several counts including violations of Respondents' Fiduciary Duties and Violations of Rule 10(b)(5).
5. The lawsuit referenced in Paragraph 4 is an investment-related, consumer-initiated civil litigation which alleged that Respondents were involved in one or more sales practice violations.
6. To be registered as an Investment Adviser, Respondent DPG is required to file a FORM ADV with the Secretary of State.
7. FORM ADV at question 11.H(1) asks:  
(1) Has any domestic or foreign court:  
    a. ...  
    (b) ever found that you or any advisory affiliate were involved in a violation of investment-related statutes or regulations?
8. FORM ADV at question 11.H(2) asks:  
Are you or any advisory affiliate now the subject of any civil proceeding that could result in a "yes" answer to any part of Item 11.H(1)?
9. The Form ADV filed on behalf of Respondent PDG answered both 11.H(1) and 11.H(2) in the negative
10. Section 8 D(13) of the Act requires that any change which renders no longer accurate any information contained in any application for registration or re-registration of an investment adviser shall be reported to the Secretary of State within ten business days after the occurrence of such change.
11. Respondent PDG failed to report to the Secretary of State or update Respondent PDG's FORM ADV Respondents PDG, that Respondents PDG was subject to civil litigation which could result in a court finding a violation of investment-related statutes or regulations.
12. Section 12.D of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to fail to file with the Secretary of State any

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application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.

13. **By virtue of the foregoing, the Respondent DPG have committed a violation of Section 12.D of the Act.**

14. To be registered as an Investment Adviser Representative, Respondent WAGHA is required to file a FORM U4 with the Secretary of State.

15. In seeking to be registered as an Investment Adviser Representative, Respondent DPG filed a U4 signed by Respondent WAGHA. On that form, Question 14.H stated

**14H. (1) Has any domestic or foreign court ever:**

(a) *enjoined* you in connection with any *investment-related* activity?

(b) *found* that you were *involved* in a violation of any *investment-related* statute(s) or regulation(s)?

(c) dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you by a state or foreign financial regulatory authority?

**(2) Are you named in any pending *investment-related* civil action that could result in a "yes" answer to any part of 14H(1)?**

16. In or around September 2002, Respondent DPG filled a U4 seeking to register Respondent Wagha as an Investment Adviser Representative. The U4 was signed by Respondent Wagha and answered each in section 14. H in the negative.

17. The Act requires that any change which renders no longer accurate any information contained in any application for registration or re-registration of a investment adviser representative shall be reported to the Secretary of State within ten business days after the occurrence of such change.

18. Respondent PDG and Respondent Wagha failed to report to the Secretary of State or update Respondent PDG's FORM U4 Respondents PDG, that Respondents Wagha was subject to pending civil litigation which could result in a court finding a violation of investment related statutes or regulations.

19. Section 12.D of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.

20. **By virtue of the foregoing, the Respondent DPG and Respondent Wagha have committed a violation of Section 12.D of the Act.**

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21. That Section 8.E(1)(g) of the Act provides that the registration of a investment advisor may be suspended if they have violated any of the provisions of this Act.
22. That by virtue of the foregoing, the Respondent PDG's registration as an investment advisor in the State of Illinois is subject to suspension pursuant to Section 8.E(1)(g) of the Act.
23. That Section 8.E(1)(g) of the Act provides that the registration of a investment advisor representative may be suspended if he has violated any of the provisions of this Act.
24. That by virtue of the foregoing, the Respondent Wagha's registration as a investment advisor representative in the State of Illinois is subject to suspension pursuant to Section 8.E(1)(g) of the Act.

NOW IT IS HEREBY ORDERED THAT:

Respondent **PORTFOLIO DIVERSIFICATION GROUP, INC.**'s registration as an Investment Advisor in the State of Illinois shall be **SUSPENDED**, effective July 15, 2013, subject to the further Order of the Secretary of State.

Respondent **MAHENDRA WAGHA**'s registration as a Investment Advisor Representative in the State of Illinois shall be **SUSPENDED**, effective July 15, 2013, subject to the further Order of the Secretary of State.

A public hearing will be set within thirty (30) days of the Respondent's filing a written request for hearing with the Secretary of State at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Said hearing will be held at the aforesaid address before a Hearing Officer duly designated by the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Order.

**YOUR FAILURE TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER RECEIPT OF THIS ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE A SUFFICIENT BASIS TO MAKE THIS ORDER FINAL.**

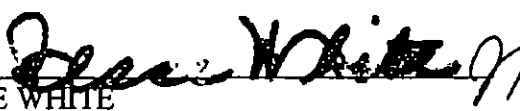
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You are further notified that if you request a hearing that you may be represented by legal counsel, may present evidence; may cross-examine witnesses and otherwise participate. Failure to so appear shall constitute default unless any Respondent has upon due notice moved for and obtained a continuance.

Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 17th day of July, 2013

  
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JESSE WHITE  
Secretary of State  
State of Illinois

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